



Universal Service Administrative Company

Lori S. Terraciano
Associate Manager – Universal Service Revenue Administration

September 12, 2001

Patrick D. Crocker
900 Comerica Bldg.
Kalamazoo, MI 49007

Mr. Crocker:

This letter is in response to the April 2001 FCC Form 499-A filings that were submitted for American Cyber Corp. (Filer 499 ID 819152), Inmark, Inc. (Filer 499 ID 814681), LoTel, Inc. (Filer 499 ID 819396), Protel Advantage, Inc. (Filer 499 ID 809181), and Coleman Enterprises, Inc. These filings reported zero revenue for all of these companies for the period of January - December 2000.

Attached to each 499-A filing for the above mentioned companies was an addendum that stated QAI, Inc. was required to file the 499-A filings for these companies and pay all universal service charges related to these filings. This is not true according to FCC Rules. Please see pages 4-7 of the Instructions to the Telecommunications Reporting Worksheet (attached). Each legal entity is required to file their own 499-A filing reporting their own revenue. QAI may have provided a service to these companies in the past, but they are not obligated to file 499 filings for any of their resellers.

In the addendum, it is pointed out the QAI has agreed to file 499 filings on behalf of these companies, as proven in their August 21, 2000 letter. This letter states that QAI will be filing the September 1, 2000 FCC Form 499-S on their behalf. There is no mention of any future filings, other than the September 1, 200 499-S. Therefore, all of the above mentioned companies are required to submit the April 1, 2001 FCC Form 499-A on their own behalf.

Not all companies are required to contribute directly to the Universal Service Fund. The following excerpts from the FCC's Form 499 Instructions on pages 5-7, will help to explain what companies are exempt from contributing to the Universal Service Fund:

Universal service exception for de minimis telecommunications providers

Section 54.708 of the Commission's rules states that telecommunications carriers and telecommunications providers are not required to contribute to the universal service support mechanisms for a given year if their contribution for that year is less than \$10,000.¹

¹ 47 C.F.R. § 54.708.

Providers should complete the table contained in Figure 1 to determine whether they meet the de minimis standard. To complete Figure 1, potential filers must first complete block 4 of the Telecommunications Reporting Worksheet and enter the amounts from Line 420(d) and 420(e) in Figure 1. Telecommunications providers whose estimated contributions to universal service support mechanisms would be less than \$10,000 are considered de minimis for universal service contribution purposes and will not be required to contribute directly to universal service support mechanisms.

Exception for government, broadcasters, schools and libraries

Certain entities are explicitly exempted from contributing directly to the universal service support mechanisms and need not file this worksheet. Government entities that purchase telecommunications services in bulk on behalf of themselves, e.g., state networks for schools and libraries, are not required to file or contribute directly to universal service. Public safety and local governmental entities licensed under Subpart B of Part 90 of the Commission's rules are not required to file or contribute directly to universal service. Similarly, if an entity provides interstate telecommunications exclusively to public safety or government entities and does not offer services to others, that entity is not required to file or contribute directly to universal service. In addition, broadcasters, non-profit schools, non-profit libraries, non-profit colleges, non-profit universities, and non-profit health care providers are not required to file the worksheet or contribute directly to universal service.

Exception for systems integrators and self providers

Systems integrators that derive less than five percent of their systems integration revenues from the resale of telecommunications are not required to file or contribute directly to universal service. Systems integrators are providers of integrated packages of services and products that may include the provision of computer capabilities, interstate telecommunications services, remote data processing services, back-office data processing, management of customer relationships with underlying carriers and vendors, provision of telecommunications and computer equipment, equipment maintenance, help desk functions, and other services and products). Entities that provide services only to themselves or to commonly owned affiliates need not file.

Unless the above mentioned companies qualify for one of these exemptions, they will have a direct contribution obligation to USAC. Underlying carriers can not assume that responsibility on these companies behalf.

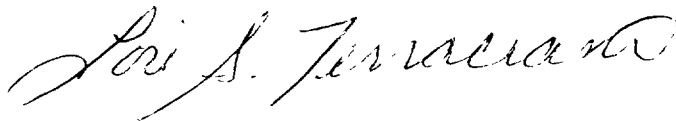
Please submit completed April 1, 2001 FCC form 499-A filings to the following address as soon as possible:

Form 499- DCA
Attn: Lori S. Terraciano
80 S. Jefferson Rd.
Whippany, NJ 07981

If you need help completing the 499A, please contact the Form 499 help line at 973-560-4460 or through e-mail at Form499@neca.org.

I trust this information provides you with the background necessary to resolve your questions/concerns. Please contact the Form 499 help line at 973-560-4460 with any further questions.

Thank you,

A handwritten signature in cursive script, reading "Lori S. Terraciano".

cc: Bill Davis (PWC)
Lisa Harter

Exhibit C

EXHIBIT C

QAI Contract with Petitioner

ORIGINAL**INDEPENDENT MARKETING AGREEMENT**

This Independent Marketing Agreement (this "Agreement") is made as of December 15, 1998 (the "Effective Date"), by and between Pathfinder Capital, Inc., a Nevada corporation ("PCI") and Inmark, dba Preferred Billing ("Marketer").

A. PCI markets, designs and implements long distance network programs.

B. PCI desires to engage Marketer on the terms detailed in this Agreement to assist PCI in marketing its programs and Marketer desires to accept such engagement and to provide services to PCI as detailed in this Agreement.

Therefore, in consideration of the foregoing premises and the covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged by the parties to this Agreement, PCI and Marketer agree as follows:

1. MARKETING AND SALE

(a) Marketing. PCI grants to Marketer and Marketer accepts the non-transferable, non-exclusive right to market the products and services of PCI described on Schedule 1 (the "Products") to appropriate persons and entities throughout the United States. PCI may change the Products from time to time in its discretion. Marketer shall have no exclusive or protected territories, customers, or products hereunder.

(b) Customers and Account Ownership. Each party solicited by Marketer to purchase the Products will be deemed a "Customer" of Marketer when the Customer has elected to purchase the Products. A Customer's service order is "Provisioned" when accepted by PCI, and the applicable long distance carrier (the "Carrier"), if any. Customers and customers of PCI or other marketing agents of PCI that have been Provisioned by PCI are referred to herein collectively as "Clients." Marketer shall not at any time during or after the term of this Agreement (i) transfer or convert or attempt to transfer or convert any Client from use of the Products, (ii) utilize any Client list or any information relating to Clients for any reason other than performance hereunder or (iii) market or sell to Clients any services or products of any party other than PCI at any time that such Clients are doing any business with PCI.

2. COMPENSATION AND ADVANCES

(a) Commissions. In full consideration of Marketer's services hereunder, PCI will pay Marketer the "Commissions" as detailed in Schedule 2 to this Agreement, provided that PCI makes no guarantees or assurances to Marketer of Marketer's earnings hereunder, and provided further that PCI's obligation to pay Commissions will cease as provided in Section 2(e).

(b) Advances. PCI may, in its sole discretion, make advances to Marketer which shall bear interest at a rate not to exceed PCI's borrowing rate or, if lower, the maximum interest rate permitted by law. Advances shall be payable by Marketer to PCI on demand, and PCI may in its discretion withhold and offset any Commissions or payments under Section 2(e) due to Marketer against amounts owing by Marketer to PCI in respect of advances. If PCI purchases

from Marketer the commission rights for all Customers pursuant to Section 2(e) and the outstanding advances exceed the price payable by PCI under Section 2(e), such excess shall be forgiven and PCI will not make any claim against Marketer for any deficiency in respect thereof.

(c) Note and Security Agreement. As a condition to advances, PCI may in its discretion require Marketer to execute and deliver to PCI a promissory note and security agreement in form satisfactory to PCI.

(d) Other Consideration. PCI may, in its discretion, make available an agent bonus and equity participation plan to provide incentives to and reward selected marketing agents for their contribution to PCI's growth.

(e) Commission Buyout. PCI may at any time and from time to time during the term of this Agreement and thereafter in its discretion, upon notice to Marketer, purchase from Marketer rights of Marketer to receive Commissions hereunder. Such right may be exercised on a Customer-by-Customer basis, or for all Customers of Marketer at the time of such exercise. If PCI exercises the right on a Customer-by-Customer basis, the purchase price payable by PCI for Commission rights in respect of a Customer will be six times the average monthly Commissions attributable to that Customer for the most recent three complete calendar months preceding exercise (or such fewer number of complete months for which Commissions have been payable). If PCI exercises the right for all Customers, the purchase price payable by PCI will be six times an amount equal to the quotient obtained by dividing all Commissions payable to Marketer for the most recent three complete calendar months preceding exercise by 3. Such purchase price will be paid, in three equal monthly installments, with the first installment payable on the date of exercise and the next two installments payable one per month for two months thereafter, and the payments shall be discounted to present value at a discount rate of ten percent (10%). Following exercise by PCI of its rights under this Section 2(e), Marketer will have no further rights in respect of the Customers for which PCI has acquired Commission rights, other than the right to receive the payment specified in this Section 2(e).

3. PROCEDURES

(a) Responsibilities of Marketer.

- (i) Right of First Refusal. If Marketer solicits or plans to solicit any potential customers on behalf of any party other than PCI, Marketer shall inform PCI of the potential customers and the compensation (including advances and commissions) payable by such other party to Marketer, and if PCI offers to substantially match the overall compensation offered by such third party, then Marketer shall solicit such potential customers on behalf of PCI and offer their accounts for Provisioning to PCI.
- (ii) Best Efforts Marketing. Marketer will represent the Products in a manner consistent with information received from PCI, and will use its best efforts to market, promote and sell the Products in accordance with normal business procedures and practices in the industry.

- (iii) Cooperation. Marketer will cooperate fully with PCI in its efforts to Provision Customers' service orders, collect Customer debt and provide customer service to Customers.
- (iv) Transmittal. Marketer will promptly transmit to PCI all Customers in a manner and form required by PCI for PCI's approval and acceptance along with any other documentation required by PCI. Marketer is responsible for the accuracy and completeness of all information provided on all PCI forms and documents.
- (v) Tariff Compliance. Marketer is solely responsible for obtaining and maintaining compliance with all statutes, rules, regulations, orders and other directives issued by any applicable state, federal or other regulatory body applicable to Marketer or the Services or Marketer's provision thereof (any such body, a "PUC"), including the establishment of Marketer's rates and fees ("Tariffs") as the long distance provider to Customers. Marketer is solely responsible for compliance of its Tariffs with applicable PUC requirements. For purposes of any PUC, including the Federal Communications Commission, Marketer is the long distance provider to Customer.

(b) Responsibilities of PCI. PCI will use its best efforts to ensure the timely Provisioning of Customers' service orders. However, PCI may accept or reject any Customer or potential Customer in its discretion. PCI will supply Marketer on a timely basis with standard PCI reports to track Customers placed with PCI by Marketer noting which Customer's service orders have been Provisioned and are being billed by PCI.

(c) Services Provided by Marketer. Marketer will perform the services described in Schedule 3 (the "Services") to the best of its abilities and will not violate any laws or regulations during its performance of the Services. Marketer will be solely responsible for ensuring that its operations comply with all legal and regulatory requirements.

4. CONFIDENTIALITY

Marketer acknowledges that, during the course of its relationship with PCI under the terms of this Agreement, Marketer will obtain information regarding PCI's business and will have personal contact with PCI's current and prospective clients, customers, vendors, marketing agents, and other business related contacts (the "PCI Affiliates"). In addition to the restrictions set forth in Section 1(b), Marketer will not:

- (i) During the term of this Agreement and for a period of one year thereafter, directly or indirectly induce or attempt to influence any PCI Affiliate to terminate its relationship with PCI;
- (ii) During the term of this Agreement and for a period of one year thereafter, establish any business relationship with any PCI Affiliate, concerning the operation, provision or implementation of any long distance telecommunications product or service; or

- (iii) During the term of this Agreement and indefinitely thereafter, disclose to any third party or use for any purpose other than performance hereunder any Proprietary Information. For purposes of this Section, "Proprietary Information" will be defined as any information about the business or operations of PCI including, but not limited to, PCI Affiliates, PCI's client lists, prospect lists, pricing schedules, discount policies, market and sales strategies, any information or compilation of information possessed by PCI which derives independent economic value, whether actual or potential, from not being generally known or readily ascertainable by proper means to other persons, including computer programs, operating instructions, source documents and data, mailing lists, the nature of the Services, and any other know-how or thing, either tangible or intangible, that is not information generally available to the public.

5. TERM

This Agreement will terminate:

- (i) If either party commits a material breach of this Agreement, the material breach is not cured within thirty (30) days of the date the breaching party is given notice of its material breach and the non-breaching party elects to terminate this Agreement.
- (ii) If either party shall cease to do business; provided, however, that the obligations of both parties to perform according to the terms and conditions of this Agreement, including PCI's obligation to pay Advances and/or Residual Commissions to Marketer for Accounts Provisioned prior to the cessation of business, shall continue until any such obligations have been fully performed;
- (iii) Upon the dissolution, liquidation, bankruptcy, or insolvency of either PCI or Marketer; or
- (iv) On the date five (5) years from the Effective Date (the "Termination Date").

Upon termination of this Agreement for any reason, Marketer agrees to return all Proprietary Information, including documents, encoded media or other tangible items provided to Marketer by PCI in the course of providing the Services, including all complete and partial copies, recordings, abstracts, notes or reproductions of any kind made from or about such information, which will be exclusively the property of PCI. The provisions of Section 5 will survive the termination of this Agreement.

6. MISCELLANEOUS

- (a) Relationship of Parties. In rendering services pursuant to this Agreement, Marketer is acting as an independent contractor and not as an employee or agent of PCI. As an independent contractor, Marketer shall have no authority, express or implied, to commit or

obligate PCI in any manner whatsoever, except as specifically authorized from time to time in writing by an authorized representative of PCI, which authorization may be general or specific. Nothing contained in this Agreement shall be construed or applied to create a partnership or joint venture, or an employer/employee or master/servant relationship. Marketer will be responsible for the payment of all federal, state or local taxes payable with respect to all amounts paid to Marketer under this Agreement; provided that, if PCI is determined to be liable for collection or remittance of any such taxes, Marketer will immediately reimburse PCI for all such payments made by PCI. Marketer will be compensated solely by commission and is not entitled to any employment rights or benefits from PCI.

(b) No Conflict or Violation. The execution, delivery and performance by Marketer of this Agreement does not and will not: (i) violate or conflict with any provision of the charter documents of Marketer; (ii) violate any provision of law, statute, judgment, order, writ, injunction, decree, award, rule, or regulation of any court, arbitrator, or other governmental or regulatory authority applicable to Marketer; or (iii) violate, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contract, service or other customer agreement or other agreement to which Marketer is a party.

(c) Entire Agreement. This Agreement, together with any schedules and the exhibits hereto, represent the entire agreement and understanding of the parties with respect to the subject matter hereof and no representations or warranties or promises have been made in connection with this Agreement other than those expressly set forth herein.

(d) Successors and Assigns; No Third Party Beneficiaries. This Agreement will inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns; provided, that Marketer may not assign or delegate any of the obligations created under this Agreement without the prior written consent of PCI. PCI will have the unrestricted right to assign this Agreement and/or to delegate all or any part of its obligations hereunder. Nothing in this Agreement will confer upon any person or entity not a party to this Agreement, or the legal representatives of such person or entity, any rights or remedies of any nature or kind whatsoever under or by reason of this Agreement.

(e) Attorney's Fees. If either party to this Agreement brings an action, suit, counterclaim, appeal, arbitration, mediation or other proceeding (an "Action") for any relief against the other party to this Agreement or any of its affiliates, declaratory or otherwise, to enforce the terms hereof or to declare the rights hereunder, in addition to any damages and costs which the prevailing party otherwise would be entitled, the losing party in any Action shall pay the prevailing party a reasonable sum for ordinary and necessary attorneys' fees and costs incurred in connection with such Action and/or enforcing any judgment, order, ruling or award (collectively, a "Decision") granted therein, all of which shall be paid as incurred whether or not such action is prosecuted to a Decision.


(f) Severability. This Agreement will be deemed severable, and the invalidity or unenforceability of any term or provision hereof will not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties to this Agreement intend that there will be added

as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the Effective Date.

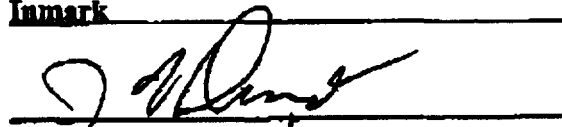
"PCI"

PCI, Inc., a Nevada corporation


By: Dave Wiegand
Its: CEO

"MARKETER"

Inmark


By: James Holman
Its: CEO

Schedule 1 to
Independent Marketing Agreement:
PRODUCTS

*Rate.....\$0.25/minute anywhere in the US and Canada

*\$2.50 monthly Service Fee / Usage Charge for Customers who use less than
\$25.00/month in Long Distance

*International Rates can be supplied by PCI

**Subject to change by PCI at PCI's discretion. PCI may choose any Carrier as the underlying provider of
Products.*

Schedule 2 to
Independent Marketing Agreement:
COMMISSIONS

Commissions and advances shall be paid in the following manner:

1. Calculation of Commissions

a) "Commission" as used herein means the difference between "Retail Billings" of a Customer and the "Allocable Charges" for said Customer for the same period.

b) "Retail Billings" means the Long Distance usage charges paid by each Customer to PCI, not including any utility taxes, monthly recurring charges, directory assistance, and/or other non usage based charges.

c) "Allocable Charges" means all amounts attributable and directly traceable to Customer including wholesale long distance usage, bad debt, customer service, billing costs, customer credits, PIC dispute charges, NECA charges and any other costs and charges allocable to such Customer, plus fourteen percent (14%) of Retail Billings for such Customer.

2. Payment of Commissions. PCI will pay Marketer the Commissions monthly within thirty (30) days of the conclusion of a billing cycle.

**Schedule 3 to
Independent Marketing Agreement:
MARKETING SERVICES PROVIDED TO PCI**

Telemarketing services for the purpose of acquiring telephone usage customers that are to be provisioned and collected by PCI

Exhibit D

EXHIBIT D

Page 15 of 2001 499-A Instructions

C. Block 3 and Block 4: Contributor Revenue Information

Lines (301-302; 401-402) -- copy the Filer 499 ID from Line (101) into Lines (301) and (401). Copy the legal name of the reporting entity from Line (102) into Lines (302) and (402).

Lines (303-314; 403-420) contain detailed revenue data.

1. Separating revenue from other contributors to the federal universal service support mechanisms (block 3) from end-user and non-telecommunications revenue (block 4) information (carrier's carrier vs end-user)

In the Telecommunications Reporting Worksheet, filers must report revenues using two broad categories: (1) Revenues from other contributors to the federal universal service support mechanisms; and, (2) Revenues from all other sources. Taken together, these revenues should include all revenues billed to customers and should include all revenues on the reporting entities' books of account.

For the purposes of this worksheet, revenues from other contributors to the federal universal service support mechanisms are revenues from services provided by underlying carriers to other carriers for resale and are referred to herein as "carrier's carrier revenues" or "revenues from resellers." Revenues from all other sources consist primarily of revenues from services provided to end users, referred to here as "end-user revenues." This category includes non-telecommunications revenues.

For the purpose of completing Block 3, a "reseller" is a telecommunications carrier or telecommunications provider that: 1) incorporates purchased telecommunications services into its own offerings; and 2) can reasonably be expected to contribute to federal universal service support mechanisms based on revenues from those offerings.

Each contributor should have documented procedures to ensure that it reports as "revenues from resellers" only revenues from entities that reasonably would be expected to contribute to support universal service. The procedures should include but not be limited to maintaining the following information on resellers: legal name; address; name of a contact person; and phone number of the contact person. If the underlying contributor does not have independent reason to know that the entity will, in fact, resell service and contribute to the federal universal service support mechanisms, then the underlying carrier should either obtain a signed statement to that effect or report those revenues as end user revenues.

Note: For the purposes of filling out this worksheet -- and for calculating contributions to the universal service support mechanisms -- certain telecommunications carriers and service providers may be exempt from contribution to the universal service support mechanisms. These exempt entities, including "international only" and "intrastate only" carriers and carriers that meet the *de minimis* universal service threshold, should not be treated as resellers for the purpose of reporting revenues in Block 3. That is, filers that are underlying carriers should report revenues derived from the provision of telecommunications to exempt carriers and providers (including services provided to entities that are *de minimis* for universal service purposes) in Lines (403-417) of Block 4 of the Telecommunications Reporting Worksheet, as appropriate. Underlying carriers must contribute to the universal service support mechanisms on the basis of such revenues. In Block 5, Line 511, however, filers may elect to report the amounts of such revenues (*i.e.*, those revenues from exempt entities that are reported as end-user revenues) so that these revenues may be excluded for purposes of calculating contributions to TRS, LNPA, and NANPA.

FCC Form 499-S, July 2000

Approved by OMB 3060-0855

Estimated Average Burden Hours Per Response: 5.5 Hours

Telecommunications Reporting Worksheet, FCC Form 499-S

Instructions for Completing the September Worksheet for Filing Contributions to the Universal Service Support Mechanisms

* * * * *

NOTICE TO INDIVIDUALS: Sections 54.703, 54.711, and 54.713 of the Federal Communications Commission's rules require all telecommunications carriers providing interstate telecommunications services, providers of interstate telecommunications that offer interstate telecommunications for a fee on a non-common carrier basis, and payphone providers that are aggregators to contribute to universal service and file this Telecommunications Reporting Worksheet (FCC Form 499-S) on September 1, each year. 47 C.F.R. §§ 54.703, 54.711, 54.713. This collection of information stems from the Commission's authority under Section 254 of the Communications Act of 1934, as amended, 47 U.S.C. § 254. The data in the Worksheet will be used to calculate contributions to the universal service support mechanisms. Selected information provided in the Worksheet will be made available to the public in a manner consistent with the Commission's rules.

We have estimated that each response to this collection of information will take, on average, 6 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PER, Washington, D.C. 20554, Paperwork Reduction Project (3060-0855). We also will accept your comments via the Internet if you send them to jboley@fcc.gov. Please DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS.

Remember -- You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0855.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. We will use the information that you provide to determine contribution amounts. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule, or order, your Worksheet may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your Worksheet may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission; or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

If you owe a past due debt to the federal government, the taxpayer identification number (such as your

Instructions to the Telecommunications Reporting Worksheet, Form 499-S

For the purpose of completing Block 3, a reseller is a telecommunications carrier or telecommunications service provider that: 1) incorporates purchased telecommunications services into its own offerings; and, 2) can reasonably be expected to contribute to federal universal service support mechanisms based on revenues from those offerings.

Note: For the purposes of filling out this worksheet -- and for calculating contributions to the universal service support mechanisms -- certain telecommunications carriers and service providers may be exempt from contribution to the universal service support mechanisms. These exempt entities, including "international only" and "intrastate only" carriers and carriers that fall below the *de minimis* universal service threshold, should be treated as end users for the purpose of reporting revenues in Block 3. That is, filers that are underlying carriers should report revenues derived from the provision of telecommunications to exempt carriers and providers (including services provided to entities that are *de minimis* for universal service purposes) on Line (116). Underlying carriers must contribute to the universal service support mechanisms on the basis of this revenue.

Each contributor should have documented procedures to ensure that it reports as revenues from resellers only revenues from entities that reasonably would be expected to contribute to support universal service. The procedures should include but not be limited to maintaining the following information on resellers: legal name; address; name of a contact person; and phone number of the contact person. If the underlying contributor does not have independent reason to know that the entity will, in fact, resell service and contribute to the federal universal service support mechanisms, then the underlying carrier should either obtain a signed statement to that effect or report those revenues as end user revenues.

2. Column (a) - total revenue

The reporting entity must report gross revenues from all sources, including nonregulated and non-telecommunications services on Lines (115) through (117) and these must add to total gross revenue as reported on Line (118). Gross revenues should include revenues derived from the provision of interstate, international, and intrastate telecommunications and non-telecommunications services. Gross revenues consist of total revenues billed to customers during the filing period with no allowances for uncollectibles, settlements, or out-of-period adjustments. Gross billed revenues may be distinct from booked revenues. NECA pool companies should report the actual gross billed revenues (CABS Revenues) reported to the NECA pool and not settlement revenues received from the pool.

Where two contributors have merged prior to filing, the successor company should report total revenues for the reporting period for all predecessor operations. The two contributors, however, should continue to report separately if each maintains separate corporate identities and continues to operate.

Gross revenues also should include any surcharges on communications services that are billed to the customer and either retained by the contributor or remitted to a non-government third party under contract. Gross revenues should exclude taxes and any surcharges that are not recorded on the company books as revenues but which instead are remitted to government bodies. Note that any charge included on an end user bill and represented to recover or collect contributions to federal or state universal service support mechanisms must be reported as end user revenue.

FCC Form 499, February 2000

Approved by OMB 3060-0855

Estimated Average Burden Hours Per Response: 8 Hours

Telecommunications Reporting Worksheet, FCC Form 499-A

Instructions for Completing the Worksheet for Filing Contributions to Telecommunications Relay Service, Universal Service, Number Administration, and Local Number Portability Support Mechanisms

* * * * *

NOTICE TO INDIVIDUALS: Sections 54.703, 54.711, and 54.713 of the Federal Communications Commission's rules require all telecommunications carriers providing interstate telecommunications services, providers of interstate telecommunications that offer interstate telecommunications for a fee on a non-common carrier basis, and payphone providers that are aggregators to contribute to universal service and file this Telecommunications Reporting Worksheet (FCC Form 499) twice a year. 47 C.F.R. §§ 54.703, 54.711, 54.713. Section 52.17 provides that all telecommunications carriers in the United States shall contribute on a competitively neutral basis to meet the costs of establishing numbering administration, and directs that contributions shall be calculated and filed in accordance with this worksheet. 47 C.F.R. § 52.17.

Section 52.32 provides that the local number portability administrators shall recover the shared costs of long-term number portability from all telecommunications carriers. 47 C.F.R. § 52.32. Section 64.604 requires that every carrier providing interstate telecommunications services shall contribute to the Telecommunications Relay Services (TRS) Fund on the basis of its relative share of interstate end-user telecommunications revenues, with the calculation based on information provided in this worksheet. 47 C.F.R. § 64.604(c)(iii)(4).

This collection of information stems from the Commission's authority under Sections 225, 251, and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 225, 251, and 254. The data in the Worksheet will be used to calculate contributions to the universal service support mechanisms, the telecommunications relay services support mechanism, the cost recovery mechanism for numbering administration, and the cost recovery mechanism for shared costs of long-term number portability. Selected information provided in the Worksheet will be made available to the public in a manner consistent with the Commission's rules.

We have estimated that each response to this collection of information will take, on average, 8 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERF, Washington, D.C. 20554, Paperwork Reduction Project (3060-0855). We also will accept your comments via the Internet if you send them to jboley@fcc.gov. Please DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS.

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Chief, Market Disputes Resolution Division
Enforcement Bureau
Rm 5-A865
445 12th Street, S.W.
Washington, D.C. 20554

C. Block 3 and Block 4: Contributor Revenue Information

Lines (301 – 302; 401–402) – Copy the Filer 499 ID from Line (101) into Lines (301) and (401). Copy the legal name of the reporting entity from Line (102) into Lines (302) and (402).

Lines (303 –314; 403 – 420) contain detailed revenue data.

I. Separating Revenue from Other Contributors to the Federal Universal Service Support Mechanisms (Block 3) from End-User and Non-Telecommunications Revenue (Block 4) Information. (carrier's carrier vs end-user)

In the Telecommunications Reporting Worksheet, filers must report revenue from two broad types of categories: (1) Revenue from other contributors to the federal universal service support mechanisms; and, (2) Revenue from all other sources. For the purposes of this worksheet revenue from other contributors to the federal universal service support mechanisms is primarily revenue from services provided by underlying carriers to other carriers for resale, referred to here as "carrier's carrier revenue" or "revenue from resellers." Revenue from all other sources consists primarily of revenue provided to end users, referred to here as "end user revenue."

For the purpose of completing Block 3, a reseller is a telecommunications carrier or telecommunications service provider that: 1) incorporates purchased telecommunications services into its own offerings; and, 2) can reasonably be expected to contribute to federal universal service support mechanisms based on revenues from those offerings.

Note: For the purposes of filling out this worksheet – and for calculating contributions to the universal service support mechanisms – certain telecommunications carriers and service providers may be exempt from contribution to the universal service support mechanisms. These exempt entities, including "international only" and "intrastate only" carriers and carriers that meet the *de minimis* universal service threshold, should not be treated as resellers for the purpose of reporting revenues in Block 3. That is, filers that are underlying carriers should report revenues derived from the provision of telecommunications to exempt carriers and providers (including services provided to entities that are *de minimis* for universal service purposes) in Lines (403–417) in Block 4 of the Telecommunications Reporting Worksheet, as appropriate. Underlying carriers must contribute to the universal service support mechanisms on the basis of this revenue. In Block 5, Line 511, however, filers may elect to report the amount of revenue from these exempt entities, including *de minimis* carriers, that was reported as end-user revenue, so that these revenues may be excluded for purposes of TRS, LNPA, and NANPA.

Each contributor should have documented procedures to ensure that it reports as revenues from resellers only revenues from entities that reasonably would be expected to contribute to support universal service. The procedures should include but not be limited to maintaining the following information on resellers: legal name; address; name of a contact person; and phone number of the contact person. If the underlying contributor does not have independent reason to know that the entity will, in fact, resell service and contribute to the federal universal service support mechanisms, then the underlying carrier should either obtain a signed statement to that effect or report those revenues as end user revenues.

Exhibit E

EXHIBIT E

QAI Correspondence of August, 2000



7700 Irvine Center Drive
Suite 605
Irvine, California 92618
949.453.3313 • Fax. 949.453.3321

August 21, 2000

Inmark, Inc.
2690 Snelling Avenue North
Suite 280
Roseville, MN 55113
Attn: Jim Holmquist

Re: Universal Service Worksheets due September 1, 2000

Dear Mr. Holmquist:

Enclosed are three copies of the Universal Service Worksheets. These worksheets will be used by the Universal Service Administration to calculate the Universal Service assessments for the period of January through June 2000. The forms are due on September 1. Please sign all three of the worksheets in block 120 on the form and mail one copy to the following address:

Form 499 Data Collection Agent
Attn: Lori Terraciano
80 South Jefferson Road
Whippany, NJ 07981

Return one copy to me at our Irvine address:

QAI, Inc.
7700 Irvine Center Drive
Suite 605
Irvine, CA 92618
Attn: Gloria Hansen

The third copy is for your records.

Since we are collecting the USF revenue, we will continue to pay the USF bills. If you have any questions, please call me at (949) 453-3313, extension 408, or fax me at (949) 453-3321. Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gloria Hansen", written over a horizontal line.

Gloria Hansen
Staff Accountant

Exhibit F

EXHIBIT F

QAI Correspondence of March 26, 2001



7700 Irvine Center Drive
Suite 605
Irvine, California 92618
949.453.3313 • Fax.949.453.3321

March 26, 2001

BY OVERNIGHT DELIVERY

James Holmquist
Inmark, Inc.
2690 Snelling Avenue, Suite 280
Roseville, MN 55113

Re: Universal Service Fund; Exemption Certificate

Dear Mr. Holmquist:

As you know, telecommunications carriers providing domestic interstate interexchange services such as Inmark, Inc. ("Inmark") are required to contribute, pursuant to Section 254 of the Communications Act (47 U.S.C. § 254) and implementing regulations, rules and orders adopted by the Federal Communications Commission ("FCC"), to the Universal Service Fund ("USF") support mechanisms. Such carriers are obligated to report both end-user derived revenue and revenue earned from sales to other carriers ("carrier's carrier revenue").

Like Inmark, QAI, Inc. ("QAI") is under an obligation to provide break-out revenue data for end-user revenue and carrier's carrier revenue. In order to properly categorize revenue derived from Inmark as carrier's carrier revenue, QAI requires that an officer of Inmark properly execute the enclosed Universal Connectivity Charge Exemption Certification ("Certification") and return it to QAI's agent listed at the bottom of the form as soon as possible.

It is important that Inmark promptly execute and return the Certification for several reasons. First, without the Certification, QAI will be forced to include revenue derived from Inmark as *end-user* revenue. What this means for Inmark is that QAI will be obligated to bill Inmark for USF surcharges on all of Inmark's domestic interstate and international usage. Second, the Telecommunications Reporting Worksheets (FCC Forms 499-A and 499-Q) require that Inmark execute such a document (*see* Page 15 of the Instructions to FCC Form 499-A). Thus, if Inmark does not provide this form to QAI it will be in violation of its FCC filing obligations.

Please execute and return the enclosed Certification to QAI's agent by **April 9, 2001**. If QAI does not receive the Certification by that date, it will have no choice but to list revenue derived from Inmark as end-user revenue on its FCC Form 499-A (due April 1, 2001) and begin assessing USF surcharges upon Inmark's domestic interstate and international telecommunications usage. As a further reminder, please note that Inmark must independently file its own upcoming FCC Form 499-A and all subsequent Telecommunications Reporting Worksheets thereafter.

If you have any questions, please direct them in writing to CEO, QAI, Inc., 7700 Irvine Center Drive, Suite 605, Irvine, CA 92618 (Facsimile (949) 453-3321) with a copy to C. Jeffrey Tibbels, Esq., Law Offices of Thomas K. Crowe, P.C., 2300 M Street, N.W., Suite 800, Washington, DC 20037 (Facsimile: (202) 973-2891).

Sincerely,

Christine Cotton
Chief Financial Officer

Enclosure

Complete this form if you believe your company is exempt from being charged Universal Service Fund ("USF") payments by QAI, Inc. ("QAI").

QAI, INC.
UNIVERSAL CONNECTIVITY CHARGE EXEMPTION CERTIFICATION

Customer Name: _____
("Customer").

Customer Address: _____

Customer hereby requests an exemption from payment of any charges assessed by QAI due to contribution to the USF regime established by the *Universal Service Order* issued by the Federal Communications Commission ("FCC"). Customer is required to contribute, pursuant to Section 254 of the Communications Act (47 U.S.C. § 254) and implementing regulations, rules and orders, to the universal service support mechanisms. Customer represents and certifies as follows:

1. That Customer is either a telecommunications carrier that provides interstate telecommunications service to the public for a fee on a common carrier basis, or a private service provider that offers interstate telecommunications service to others for a fee on a non-common carrier basis.
2. That Customer is acquiring services from QAI for resale to end-user customers, *i.e.*, not for its own internal use.
3. That Customer has filed its Telecommunications Regulatory Worksheet (FCC Form 499-S) with the Universal Service Administrator for the period of January 2000 - June 2000 (a copy of which is attached to this Certification, with confidential information redacted), and will continue to file such Worksheets or other forms or documentation as required by the FCC from time to time. By virtue of such filing, Customer has qualified and will continue to qualify as an entity not subject to QAI's USF-related charges.
4. That Customer acknowledges that QAI's determination of exemption will be based upon the information provided by Customer in this Certification. In the event QAI exempts Customer from the payment of these QAI USF-related charges (in whole or in part) based upon the information, representations and certifications contained in this Certification, and QAI thereafter determines that the exemption was granted upon Customer's false, inaccurate or erroneous information, then QAI may bill Customer for the USF charges that were not billed as the result of the exemption. Accordingly, if Customer does not provide accurate or timely information to QAI, Customer may be responsible for payment to both QAI and to the Universal Service Administrator for its contribution to universal service support mechanisms.
5. That the individual named below is an officer of Customer and is duly authorized by Customer to make the representations and certifications contained herein on behalf of Customer.

CUSTOMER:

By: _____

Name: _____

Title: _____

Date: _____

(Please return completed and executed Certification to QAI's agent: QAI, Inc., c/o Law Offices of Thomas K. Crowe, P.C., 2300 M Street, NW, Suite 800, Washington, DC 20037.)